British Columbia Development Corporation

Tenth Annual Report 1984

Province of
British Columbia

OFFICE OF THE MINISTER

Ministry of Industry
and Small
Business Development

Parliament Buildings
Victoria
British Columbia
V8V 1X4

To the Honourable Robert G. Rogers

Lieutenant-Governor of British Columbia.

MAY IT PLEASE YOUR HONOUR:

I beg to submit the tenth Annual Report of the British Columbia Development Corporation for the fiscal year ended March 31, 1984.

Minister of Industry and Small
Business Development.

Development Corporation financing helps to
create 6 jobs direct employment at this com-
pany's central manufacturer and three to
four times as many indirect jobs in the service
industries.

Board of Directors

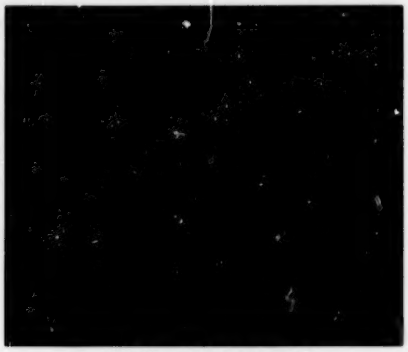
* Member of Executive Committee
† Resigned as of March 31, 1984

Newell R. Morrison*
(Chairman)

Michael McGillivray*
(Vice-Chairman)
Partner, Deloitte Haskins & Sells

The Honourable Donald M. Phillips
Minister of Industry and
Small Business Development

J. Patrick Curell
President
Braemar Construction Ltd.



William H. McRae*
Business Executive

Harbanse S. Doman*
President, Doman Industries Ltd.

William L. Sauder
President, Sauder Industries Ltd.

F. David Radler*
President, Sterling Newspapers Ltd.

S. Douglas Smith†
Partner, Mair Janowsky Blair

F. Michael P. Warren
Partner, Owen Bird

Michael C. Burns
Management Consultant
The Sentinel Group

CHAIRMAN'S REPORT

Corporation Geared to Support Economic Recovery

The British Columbia Development Corporation has devoted all of its energies and all of the resources at its disposal over the past year to stimulate and support the recovery of private industry in the Province – together with the employment that private industry creates.

It is in terms of this employment, generated and preserved in private industry through Development Corporation programs and projects, that the Corporation's success is ultimately measured.

Considering the magnitude of the economic problems confronting the majority of the Corporation's business borrowers during the past twelve months, the success rate has been excellent. Direct employment for 2,072 has been created or preserved through new loans to manufacturers and processors – the type of employment that generates or preserves three to four times as many jobs in the service industries as a result of the economic multiplier effect.

This performance has been due in no small measure to the Provincial Government's timely provision of funds for additional small business financing via the Low Interest Funding Today (LIFT) and Low Interest Loan Assistance (LILA) programs administered by the Development Corporation.

As a result of these special loan programs, many businesses avoided permanent shut-down during 1983/84 and have now begun to recover some of the lost ground as the economy improves.

In addition to jobs created and preserved through Corporation loan programs, more than 300 man-years of construction employment have been invested during the past year in the Corporation's waterfront redevelopment projects in New Westminster and North Vancouver.

The North Vancouver Lonsdale Quay project has become one of the Development Corporation's most successful undertakings to date. At a time when economic activity in general and construction activity in particular were severely depressed, a number of commercial office buildings were completed and officially opened, two new buildings commenced construction and are now nearing completion, and an agreement was reached with a private development company to begin construction in 1984/85 on the long-awaited residential section of the project. Last, but not least, plans were officially announced for an exciting new public market complex at Lonsdale Quay, also to be built during 1984/85.

A Development Corporation line of credit makes a significant contribution to MacDonald Dettwiler's growing high technology export business.

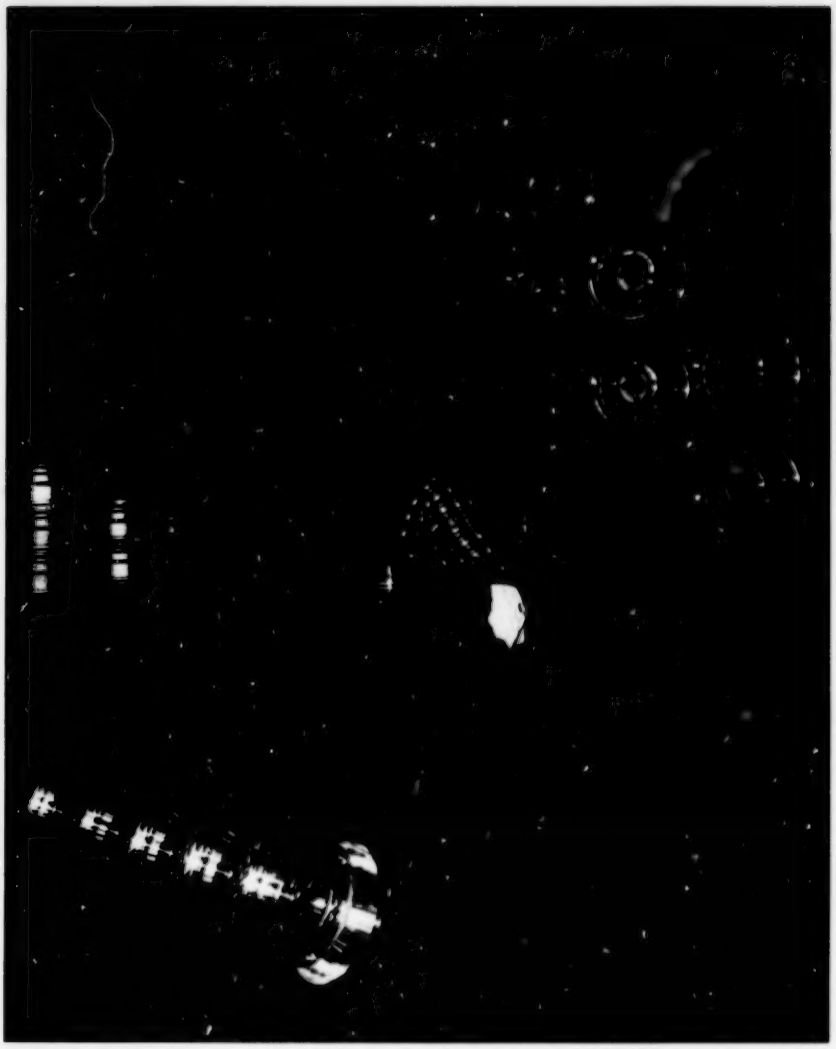
With 14 industrial parks and numerous other major industrial land holdings distributed throughout British Columbia, plus extensive experience as the agent for the transfer of all Crown land in British Columbia for industrial purposes, the Development Corporation is effectively able to locate, evaluate and provide suitable sites for new industry virtually anywhere in the Province.

On the North Coast, for example,

the Corporation has been especially active over the past twelve months in coordinating the selection and preparation of sites for major proposed LNG (liquid natural gas) and petrochemical export facilities near Prince Rupert - projects that hold out permanent employment prospects for more than 165 and 3,300 man-years in construction.

Finding the right site at the right price for such industrial initiatives

can be an influential factor in helping to attract major new investment to British Columbia and to build and diversify the provincial economy in a highly competitive world market. The Corporation's Tilbury Industrial Park in Delta has proved to be an excellent site for Canadian Autoparts Toyota Inc. to build the first Japanese auto plant in Canada, with construction proceeding on time and on budget throughout 1983/84. When it opens, the plant will provide new employment for 100 and serve as a demonstration to other overseas automakers that manufacturing can be cost effective in British Columbia.



An autoparts plant under construction in the Development Corporation's Tilbury Industrial Park will provide permanent new jobs.

During the coming year, the Development Corporation's land development expertise and extensive holdings of industrial land throughout the Province are expected to play an increasingly useful role in attracting offshore industrial investment to British Columbia, especially where the employment implications are large and major sites are required.

The Corporation's loan portfolio is also expected to grow significantly during 1984/85, as businesses pursue new opportunities created by expanding North American demands. Companies with an emphasis on export markets and the technology fields have demonstrated the best recovery performance to date, and this trend is expected to continue.

The British Columbia Development Corporation approaches 1984/85 with a degree of confidence and guarded optimism, continuing to make a distinct transition from providing economic defence measures for business to supporting strategic expansion programs.

Newell R. Morrison
Chairman and Chief Executive Officer
May 1984

FINANCING FOR SMALL BUSINESS

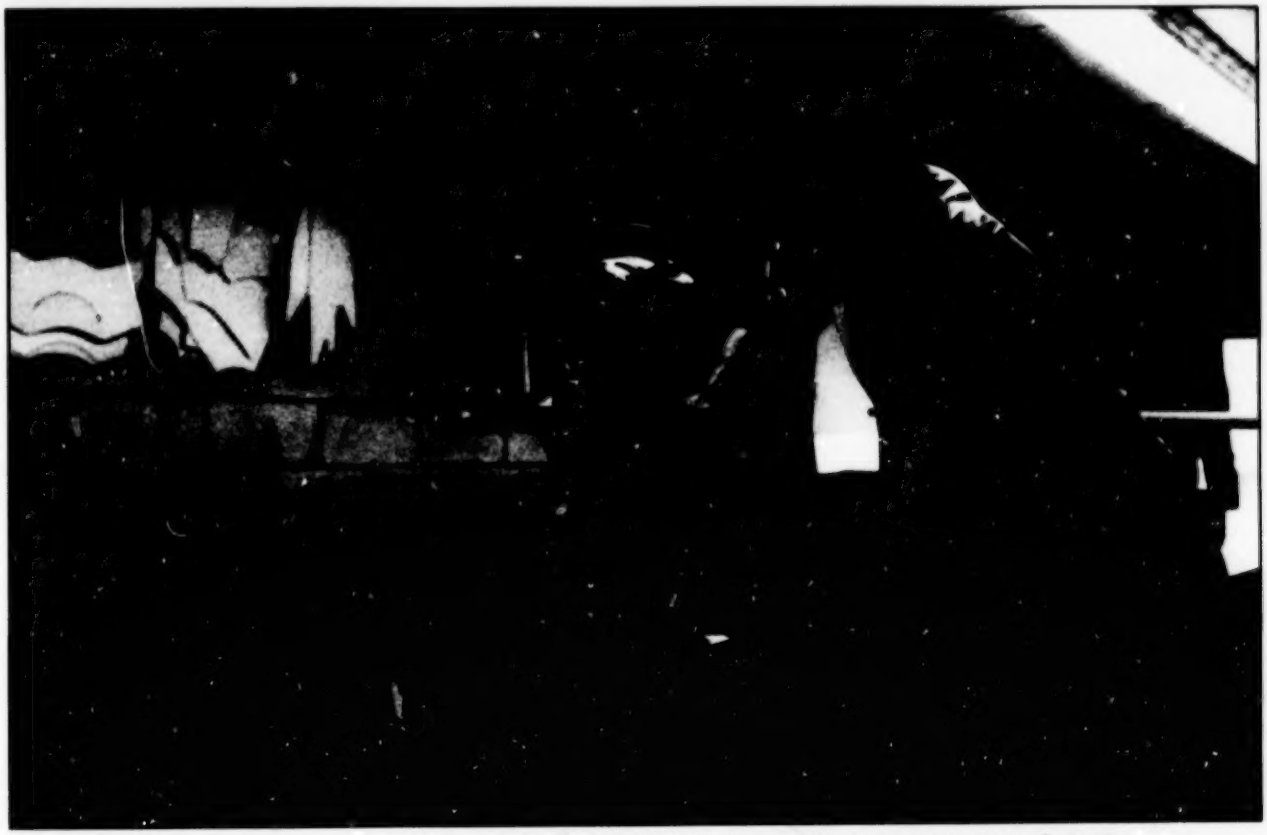
Export and Technology Oriented Businesses Show Marked Improvement

One of the Corporation's primary means of preserving and creating employment in British Columbia is by supplementing conventional sources of financing for small manufacturing and processing businesses. Growth in these sectors of the economy provides not only direct employment opportunities and economic diversification, but also an indirect multiplier effect through the service industries that supply them.

New loans, totalling approximately $40 million, were approved during the past twelve months to 168 clients operating businesses in virtually every community in British Columbia – in the North, the Okanagan, the Cariboo and Kootenays, the Lower Mainland, and Vancouver Island. Direct employment created or preserved in the manufacturing and processing industries as a result of these loans totalled 2,072 for the year, generating an additional 7,000 or more jobs in the service and supply sectors.

The 1983/84 figures bring the total of direct, full-time jobs created or preserved via Development Corporation business financing operations to approximately 13,500 since 1975 – more than 6,000 of these in the last two years alone. When the economic multiplier effect is taken into consideration, these loan programs have indirectly produced or preserved an additional 20,000 service industry jobs through the 1982/1984 recession period.

Many, if not most, of the Development Corporation's borrowers in the manufacturing and processing sector entered 1983/84 facing severe market collapse and drastic financial restraints. While some were unable to overcome these obstacles, the great majority have survived – through personal sacrifice on the part of owners and employees, through more aggressive and flexible business management and, in many cases, through the



Advanced marine survival equipment is manufactured in British Columbia with the use of Development Corporation financing.

special consideration and support provided by the Development Corporation's staff of professional loan officers.

Over and above rescheduling loan arrangements, Corporation staff have given business advice and assistance and, on occasion, developed means to strengthen borrowers' operations and marketing programs.

Of special importance to many clients and their employees have been the Low Interest Funding Today (LIFT) and Low Interest Loan Assistance (LILA) programs administered by the Development Corporation, using funds provided by the Provincial Government Development Bonds. Without these special programs, at a period when commercial lending rates were still extremely burdensome, there is little doubt that thousands more jobs would have been lost in British Columbia — dozens of businesses that have now recovered would have had to close their doors without ever being able to reopen.

The great majority of the businesses receiving financing under these programs are small-to-medium-sized companies, as indicated by the average size of loan involved. More than 90 percent of the Corporation's active loans are smaller than $500,000, with approximately 70 percent less than $250,000.

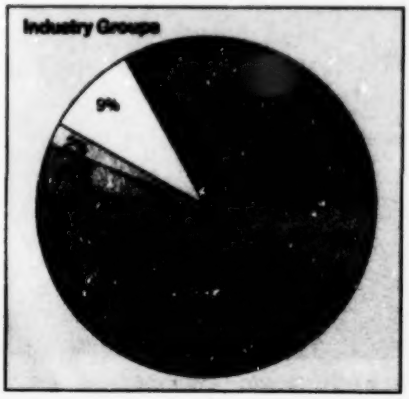
Of the eleven industrial sectors receiving new loans in the past year, the food-and-beverage and electrical-and-scientific categories have shown the greatest proportional increase.

These and other businesses that concentrate on exports and technology appear likely to recover most rapidly from the recession; financing proposals in these areas continue to rise, and the Development Corporation foresees an even greater emphasis on exports and technology as the 1984/85 fiscal year progresses.

A Lower Mainland dairy uses special low-interest Provincial Government financing under a program administered by the Development Corporation.

Loan and Guarantee Approvals for the Year Ended March 31, 1984

Industry Groups	Number of Clients	Total Client Program	Participation			Employment	
			BCDC	LILA	LIFT	Created	Preserved
[redacted]							
Miscellaneous Manufacturing	15	11,397,000	2,050,000	1,212,000	3,631,000	101	71
TOTAL	168	$65,982,400	$5,225,000	$11,962,666	$23,008,134	1,202	870



Application of Program Funds

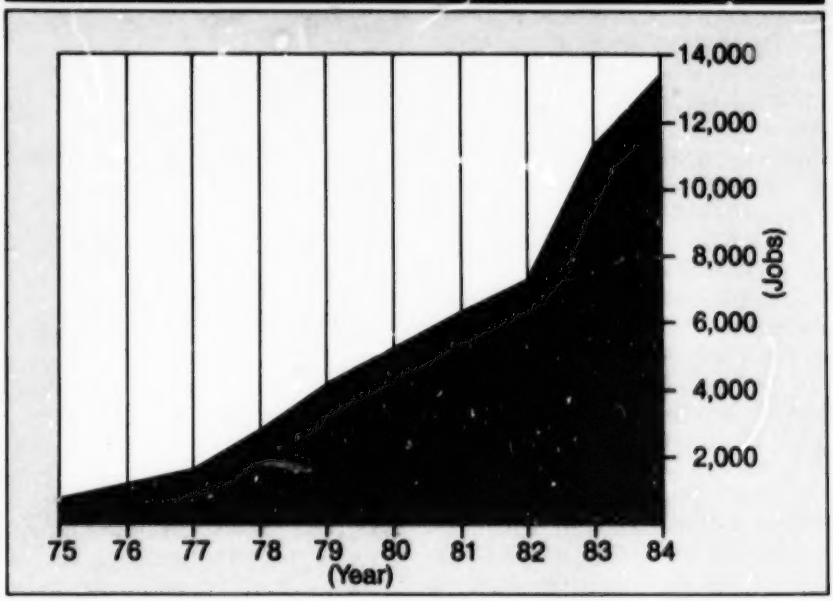
	Percent	Amount
Land and Buildings	23	$15,235,800
Building Improvements and Additions	14	9,098,500
Leasehold Improvements	2	1,489,400
Machinery and Equipment	38	25,171,845
Working Capital	12	8,037,300
Other	11	8,951,555
TOTAL	100%	$65,982,400

The Development Corporation also expects a growing demand for its financial participation as a supplemental lender and/or loan administrator in cooperation with the chartered banks and other conventional lending institutions.

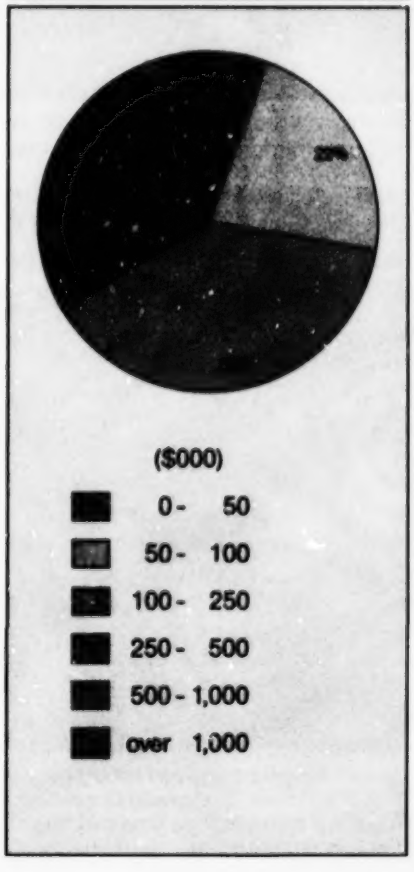
Typifying this form of activity, MacDonald Dettwiler – one of B.C.'s leading technology companies – has a US$6 million line of credit with the Development Corporation to provide bid and performance bonds for purchasers of its satellite information data analysis systems.

As the economy continues to recover, the Corporation sees new financing opportunities arising in all of these areas to promote business expansion and diversification – opportunities to improve the Province's export performance, to help attract new industry and, through these activities, opportunities to develop new employment in the private sector.

Direct Jobs Created/Preserved by Loan Activity (Cumulative)



Clients at March 1984 by Size of Loans



HIGHLIGHT

Three Small Businesses Make Gains in Technology and Exports

In 1983/84 more than 160 companies throughout British Columbia received the benefits of Development Corporation financing – through both its own loan programs and the LIFT (Low Interest Funding Today) and LILA (Low Interest Loan Assistance) programs administered by the Development Corporation on behalf of the Provincial Government.

Three of the businesses that qualified under these various programs are profiled below, and their successful commitment to technology and exports may point the way for others towards the most dynamic growth opportunities in our recovering economy.

All three companies have profited by responding to special growing demands, in both the export and technology markets. In responding, they have created not only new profits, but also new and different employment opportunities for British Columbians.

Brookside Farms Ltd.

With the help of $310,000 in LIFT and LILA financing, Abbotsford-based Brookside Farms Ltd. is producing two new chemical products – Deoxyribonucleic Acid (DNA) and Phosphatidyl Chlorine (lecithin) –

both of which will be sold to the Japanese pharmaceutical industry. The development of this new and exciting export industry grew out of a research program, begun in 1980, which identified and analyzed the medical uses of various proteins and ways of extracting protein from egg whites. One such protein, Lysozyme, is already being exported by the company to the Japanese market where it is combined in drugs used in surgical operations.

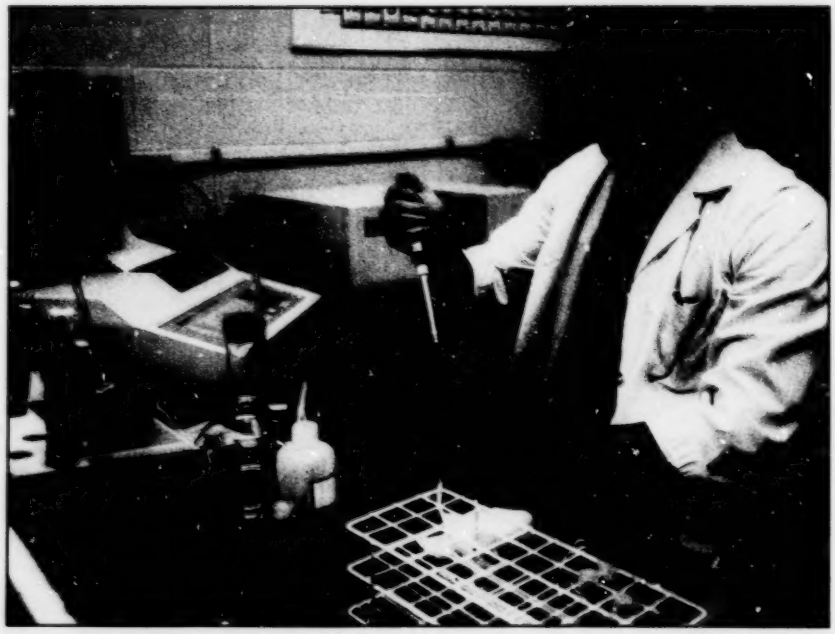
The market for the two new products is well-established and holds great potential for future growth. The demand for Lysozyme, in particular, has grown at such a rapid rate that the company has recently expanded its production. This latest success for Brookside Farms is only one in a long series of innovative moves that have seen the company grow from a small egg-grading operation, begun 25 years ago, to a highly diversified operation involved in manufacturing confectionary and processed egg products as well as enzymes for pharmaceutical use.

Computerized control units assembled by Mayfair Systems are playing a growing role in a wide range of industries.

Mayfair Systems Inc.

In 1983, Omega Controls and MPM Engineering Ltd. formed a joint venture, Mayfair Systems, for the assembly, programming and repair of computerized production controls that are being used to a greater and greater extent by the Province's resource industries. The formation of the joint venture basically formalized what was already a close relationship between the two companies.

For several years, MPM Engineering had been assembling and programming computerized production controls and subcontracting the repair and some assembly work to Omega. By forming a joint venture and acquiring new shared facilities, purchased with the help of a $40,000 LILA loan, the two companies enjoy a greater degree of production efficiency, along with room for future expansion, without the much higher overhead costs that normally accompany expansion.



Brookside Farms' pharmaceutical exports are showing rapid growth.

Ahoy Industries

Incorporated in 1971, Ahoy Industries manufactures heavy duty truck parts and exhaust pipes for sale to American and Canadian markets. Principal customers include PacCar of the U.S., manufacturers of Kenworth and Peterbilt trucks, Donaldson Inc. of Minneapolis and Western Truck of Kelowna.

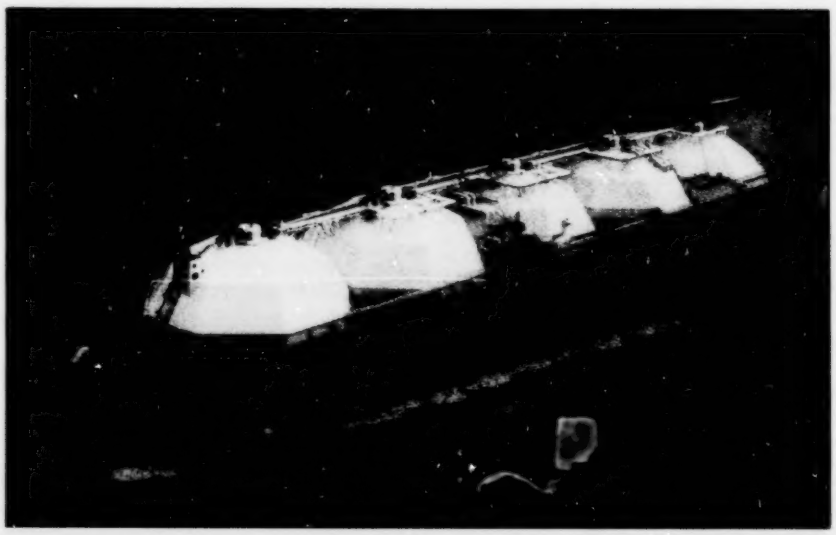
In the past year, the Development Corporation approved a $250,000 LIFT loan to assist the company in maintaining and expanding its manufacturing operations. Without the financing, company owner Robert Ahoy says he would have had no choice but to discontinue operations completely; the loss of two major customers, both of whom were forced to shut their doors at the beginning of the year, had left Ahoy Industries in a precarious financial position. With the help of Corporation funding, however, the company was able to recover from the loss and establish new markets in the United States.

Modern equipment, financed through the British Columbia Development Corporation, has meant new sales in the United States for this Vancouver company.

DIVERSIFYING THE ECONOMY

Industrial Land Key Asset for New Development Initiatives

Over the past decade, the Development Corporation and others have created an extensive infrastructure of serviced industrial land in British Columbia.



The Corporation plays an active part in programs leading to the export of liquid natural gas to Japan.

With holdings of over 300 hectares in 14 industrial parks throughout the Province, an additional 800 hectares in other major industrial land holdings, and responsibility as the Provincial Government's official agent for identifying and transferring Crown land for use by industry, the Corporation has also acquired an in-depth understanding of private industry's needs and preferences for suitable industrial property.

As the world economy's anticipated demand for industrial growth picks up, the Development Corporation intends to participate aggressively in the provincial marketing effort, matching its extensive property and development expertise with emerging industrial requirements that promise diversification of the provincial economy.

A significant case in point is Toyota Canada's new parts manufacturing plant in the Corporation's Tilbury Industrial Park.

This $24.5 million project is proceeding on time and on budget towards a planned 1985 opening, and upon completion, this plant will create permanent employment for 100 British Columbians.

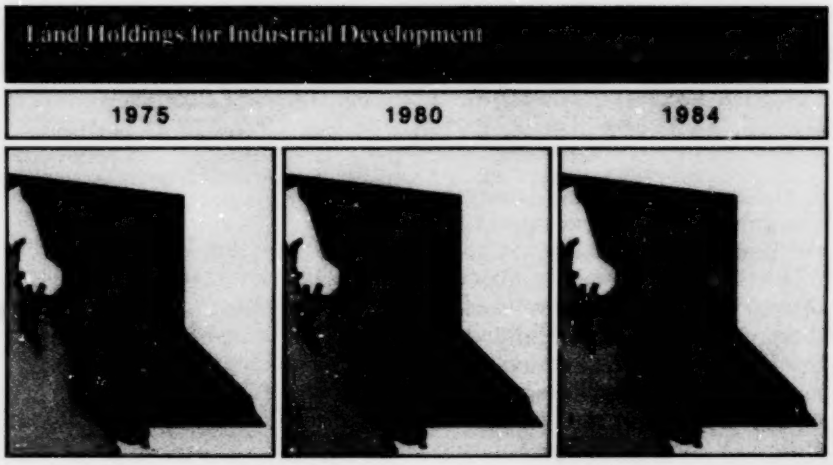
Even greater manufacturing employment opportunities are expected to emerge in British Columbia over the next year in connection with the ongoing search for energy reserves in the North. The Development Corporation will be seeking in 1984/85 to market a number of major sites at its 100-hectare Duke Point Industrial Park in Nanaimo for the assembly of large energy exploration modules which will then be transported North – in British Columbia, the Yukon, the Northwest Territories, and Alaska – for on-site installation.

New industry of this type is attracted to British Columbia because of the Province's location as an ideal "staging ground" for northern energy development. British Columbia is also uniquely situated as an export "gateway" from Canada to the Pacific Rim and other world markets.

Drawing upon its technical resources for industrial site identification, planning and transfer, the Development Corporation is actively engaged in assisting the Province to establish such major new "gateway" industries as the liquid natural gas (LNG) and world scale petrochemical export facilities proposed for the Prince Rupert region.

Jointly, these two projects would entail private sector investments of more than $1.4 billion in British Columbia, creating upwards of 3,300 man-years of construction employment and 165 permanent jobs.

In a far more advanced stage than these massive industrial initiatives are the Development Corporation's two urban redevelopment projects



at Lonsdale Quay in North Vancouver, and First Capital City in New Westminster. In particular, during the past year, the private development industry has responded enthusiastically to progress at Lonsdale Quay, beginning construction of two new office buildings, announcing details for an innovative public market/retail shopping/hotel complex, and preparing to develop the residential portion of the project.

The coming year should see the project close to completion, with more than 2,000 people working at Lonsdale Quay, and substantial progress made on increasing the City of North Vancouver's tax base by a full 10 percent.

The Corporation's New Westminster redevelopment, being carried out jointly with The City of New Westminster, has been reorganized during the past year to reflect changing market conditions. Progress during the coming year on the Advanced Light Rapid Transit (ALRT) system linking Downtown New Westminster with Vancouver is expected to contribute significantly to the project's appeal to the private development industry.

Lonsdale Quay development project is becoming a new waterfront focal point in the Lower Mainland.

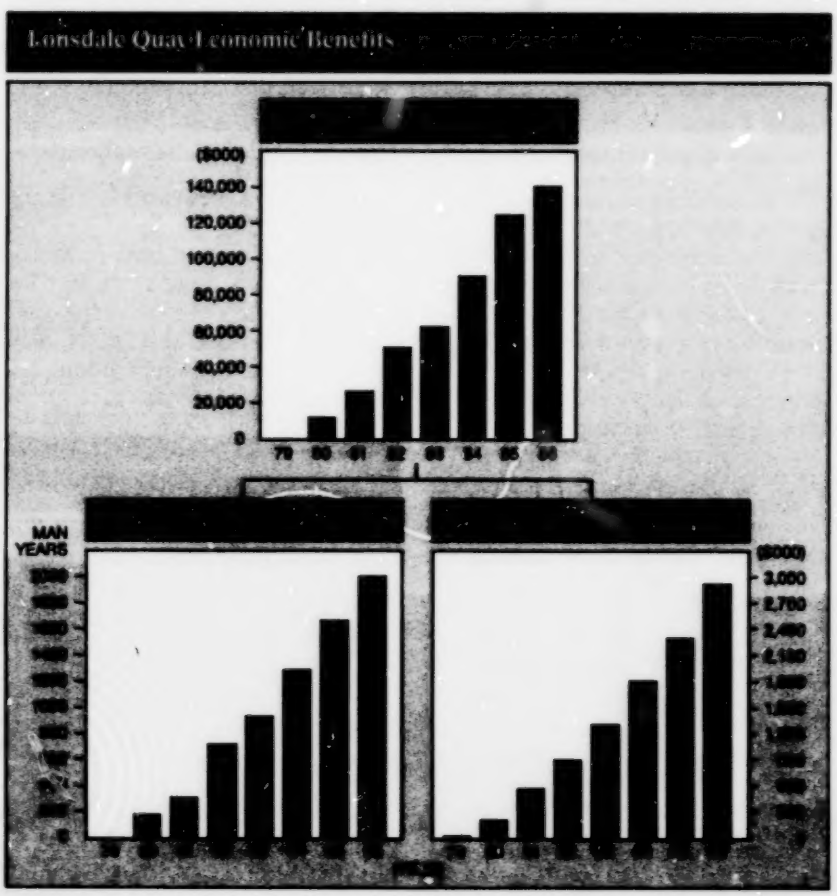
Through identifying emerging economic development opportunities that can be facilitated via its industrial and commercial land development expertise, the Development Corporation is successfully continuing to deliver the Provincial Government's broader economic recovery policy "on the ground" in British Columbia.

HIGHLIGHT

Public Markets: Reviving and Revitalizing Our Urban Waterfronts

Within the next two years, British Columbia's two exciting new waterfront redevelopments in North Vancouver and New Westminster will each boast public markets reflecting the best in design and development. These festival shopping environments will also provide outstanding examples of the employment and other social benefits that flow when the Development Corporation identifies and creates opportunities for the private sector.

Consumers throughout history have been attracted to the total shopping experience of the market setting. While this kind of retail establishment almost became obsolete some years ago, revitalization of this concept in major cities throughout North America has recently gained over-



whelming support from both the shopping and business communities.

The popularity of the marketplace retailing concept in other locations appears, by any measure, to be resounding. Attendance figures and the resulting sales volumes are among the highest to be found in any pure retailing facility. The sights, sounds and smells afforded while searching for the freshest of fruits and vegetables, the spirit of the market phenomena, whether bargaining with a pushcart vendor or jostling for position to watch the street musicians, contrast greatly with the channeled fish bowl effects of many enclosed shopping malls.

To be developed by Intrawest Properties Ltd., and already designed by award-winning architect Norman Hotson, Lonsdale Quay's $20 million harbourside market, near the foot of North Vancouver's Lonsdale Avenue, will accommodate almost every shopping need in its multi-level, multi-use complex. Scheduled for completion by August 1985, it is expected to create at least 200 construction jobs and hundreds more permanent ones.

The new public market planned for New Westminster will also help many in starting their own business — market operations that don't require huge investments by participants, yet provide invaluable experience in staff management, public relations, sales and purchasing, basic accounting and inventory control.

A temporary market (on Fourth Street) has served residents of New Westminster, Burnaby and Coquitlam for the past year, but its old warehouse building is scheduled to be replaced by a new 4,180 m², two-storey facility by June 1985. As with Lonsdale Quay, the construction industry will benefit by up to 100 jobs. The nautical theme of the complex, which will be located at the foot of Eighth Street, will serve in connecting the entire waterfront development to New Westminster's original downtown shopping core.

Variety and diversity will soon become the key words in describing not only the people wandering through these pedestrian oriented sites, but also the goods and services provided by these markets. One or both of these market developments will house a small hotel and specialty retail boutiques in addition to sales facilities for fresh fish, produce and prepared foods.

By providing a focal point for these redeveloped waterfronts, the British Columbia Development Corporation has not only helped revive a lost urbanity, but has guaranteed each area an exciting activity generator that will provide jobs and revenue for the municipality and the Province as a whole.

HIGHLIGHT

Duke Point: Changing Directions to Meet Emerging World Trade Patterns

Diversification of industry is an important key to economic recovery. By encouraging and accommodating new forms of industrial activities at Duke Point, the British Columbia Development Corporation hopes to create new sources of employment and reduce the Province's reliance on the more traditional natural resources.

Assembling energy exploration modules at sites like the Corporation's Duke Point Industrial Park offers considerable cost savings in the search for northern oil and gas reserves.

With its deep water port, fully serviced lots, close proximity to southern markets, and strategic location for trans-Pacific shipments, Duke Point – originally assembled and serviced by the British Columbia Development Corporation as a forest products processing area – is considered to be one of the best industrial sites on the North American coast.

This 140-hectare property near Nanaimo features a 25-hectare, single berth shipping terminal capable of accommodating 210 metre vessels of up to 13 metre draught all year round. Also located here for the past

four years has been the Doman Sawmill which occupies 12 hectares and provides employment for over 120 people.

Changing world trade patterns and ongoing inquiries from the manufacturing sector have led the British Columbia Development Corporation over the past year to revise plans for Duke Point's potential industrial role. The two 16-hectare and one 12-hectare sites remaining within the project are ideal centres for fabrication and assembly of large energy exploration modules.

Because of Duke Point's geographical location and its close proximity to a large, attractive community with a highly specialized work force, it is more economically viable for companies to assemble these modules at Duke Point and transport them North by barge for on-site installation rather than assemble them on-site in Northern British Columbia, the Yukon, the Northwest Territories and Alaska.

In addition, Duke Point features fully serviced lots, major quantities of hydro power and a plentiful water supply. Further incentive to labor-intensive manufacturing industries, which often require ongoing training of tradesmen, is nearby Malaspina College, an internationally respected trades school.

The Corporation has also divided 47 hectares into smaller lots for businesses that would service the park's major industries. Another 10 hectares have been geared for a petroleum tank farm.

The value of providing a home for such new large scale manufacturing enterprises in the Province is far greater than it first may appear – Duke Point will stimulate as many, if not more, spin-off jobs in the service and supply sector as it does directly.

HIGHLIGHT

British Columbia Museum of Transportation, Science and Industry

The British Columbia Museum of Transportation, Science and Industry, a non-profit society administered by the Development Corporation, is actively involved in the acquisition and preservation of historic transportation and industrial artifacts, initially for display at Expo 86 and eventually, it is hoped, for more permanent exhibition.

In addition to enhancing ceremonial occasions, the Province's historic vehicles have broad potential value and appeal, not only from an educational perspective, but also as an additional tourism resource for British Columbia.

To date, 160 vehicles and numerous other items of historical machinery and equipment have been collected, and they are currently being stored at the society's New Westminster waterfront warehouse.

As well as antique cars, the collection includes industrial machinery, steam, diesel, and gasoline engines, railway locomotives, bicycles and other transportation-related artifacts.

Acquisition began in 1980, shortly after the society was formed. Since then, many of the vehicles have been restored and either stored at the warehouse or given out on loan to various societies, municipalities and government ministries for use in special public events. The society's antique cars were used to add colour and excitement for the Queen's visit; a 1909 Model T Ford carried officials opening the Corporation's Marine Technology Building at Sidney; and several municipalities have diplayed historic artifacts at civic events.

Although the announcement of Expo 86 provided the impetus for the establishment of the Museum – which operates as "The Transportation Collection" – the object has never been to collect the vehicles for a one-time show. Transportation has played a key role in the development of this Province and yet, before the creation of the collection, there existed no organization with the mandate or resources to coordinate the preservation of this important heritage. The object of the collection, therefore, is to ensure that such preservation occurs before the artifacts vanish altogether or prices rise out of reach.

The long term goal, beyond the Expo 86 display, is to establish permanent facilities for the storage and exhibition of the collected artifacts. Since at present there is no such facility in Western North America, it would create a major tourist attraction for British Columbia, as well as provide a valuable educational resource for future generations. Along with the establishment of a permanent museum, plans also include the creation of a traveling display which will be sent to all parts of the Province on a rotating basis.

STATUS OF THE CORPORATION

The British Columbia Development Corporation is a Crown corporation of the Province of British Columbia, incorporated pursuant to the Development Corporation Act of British Columbia. The Corporation encourages and assists in the establishment, expansion and continued operation of industrial enterprises in the Province.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting

The financial statements of the Corporation are presented in accordance with generally accepted accounting principles.

Consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiary companies:

The First Capital City Development Company Limited
Duke Point Development Limited
Lonsdale Quay Development Company Limited

Loans and Guarantees

Loans and guarantees are reviewed regularly by management and provision is made for anticipated losses. At March 31, 1984 such provision totalled $9,925,034 (1983 - $9,117,949). Loans are written off against the provision when known to be uncollectible.

Land and Development Projects

Land and development projects are carried at cost less specific write-downs or provisions for the estimated diminution in net realizable value below cost. Cost represents the acquisition cost of land and capitalized development costs. Development costs include direct development expenditures, direct salaries and expenses, interest, property taxes and a proportion of other expenses.

Depreciation and Amortization

Furniture and equipment are depreciated on the straight line method over five years. Leasehold improvements are amortized over the term of the lease plus one renewal term. Depreciation of rental properties is provided on the straight line method over the estimated useful life of ten to twenty-five years.

Deferred Charges

Term debt payable in U.S. dollars is translated to Canadian dollars at the year-end exchange rate. The unrealized loss arising from exchange translation and the related costs of borrowing are deferred and amortized over the term of the debt.

Contributed Surplus

The Corporation has been designated by the Government of the Province of British Columbia as its chief agency for dealing in Crown industrial land holdings. Land acquired for development is recorded at estimated market value which is credited to contributed surplus. Land acquired for immediate resale is recorded at a value equal to 70% of the net selling price which is credited to contributed surplus.

Income Recognition

Sale of land and development projects:

The Corporation recognizes revenue on the sale of land and development projects when all material conditions in the sale agreement have been fulfilled.

Property leases receivable:

Leases containing options to purchase are generally considered to be financing arrangements and are accounted for as sales where there is a reasonable expectation that the option will be exercised. Total minimum lease payments receivable, excluding related unearned financing revenue, are reflected on the balance sheet as property leases receivable.

Property rentals:

Income from each rental property is recognized when a satisfactory level of occupancy has been achieved, subject to a reasonable maximum lease-up period. Prior to that time, rental income and expenses are capitalized.

CONSOLIDATED BALANCE SHEET as at March 31, 1984

	Notes	1984	1983
Assets			
Industrial development programs			
Land and development projects	1	$103,262,198	$108,296,972
Loans to industrial enterprises		73,540,262	78,526,573
Property leases receivable		5,588,265	6,079,031
Rental properties	2	18,898,969	7,169,722
		201,289,694	200,072,298
Cash in banks		3,590,587	719,305
Accounts receivable		1,178,893	4,863,714
Other assets	3	1,913,364	1,718,281
Small business development fund	4	182,738,130	8,202,676
Trust assets	5	26,277,220	32,282,685
		$416,987,888	$247,858,959
Liabilities			
Accounts payable and accrued liabilities		$ 9,309,901	$ 9,337,904
Term debt	6	153,169,256	143,404,080
Small business development fund		182,738,130	8,202,676
Trust liability		26,277,220	32,282,685
		371,494,507	193,227,345
Shareholder's equity			
Share capital	7	54,618,300	42,500,000
Contributed surplus		11,807,545	11,778,315
Retained earnings (deficit)		(20,932,464)	353,299
		45,493,381	54,631,614
		$416,987,888	$247,858,959
Contingent liabilities	8		

Approved by the Directors

Director

Director

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
for the year ended March 31, 1984

	1984	1983
Revenue		
Industrial development programs		
Land and development project sales	$ 6,731,160	$ 3,809,568
Loans and guarantees, interest and fees	9,731,590	12,456,073
Lease financing	705,384	1,015,707
Property rentals	686,282	376,611
Management fees	1,028,901	1,683,922
Interest on cash deposits	463,824	605,822
Other	537,344	115,715
	19,884,485	20,063,418
Expense		
Cost of sales, land and development projects	6,072,739	2,316,726
Interest on term debt	19,085,237	18,779,895
Property taxes	3,374,395	2,660,885
Staff remuneration and benefits	2,679,523	2,475,735
Advertising and business development	280,691	1,033,613
General administration	1,163,861	1,036,821
Professional services	467,124	510,281
Depreciation and amortization	559,642	448,662
	33,683,212	29,262,618
less: expenses capitalized to land and development projects	4,024,031	10,490,988
	29,659,181	18,771,630
Earnings (loss) before the following	(9,774,696)	1,291,788
Provision for losses on land and development projects	8,534,781	5,818,005
Provision for losses on loans and guarantees	2,976,286	2,135,639
	11,511,067	7,953,644
Net (loss) for the year	(21,285,763)	(6,661,856)
Retained earnings, beginning of year	353,299	7,015,155
Retained earnings (deficit), end of year	$(20,932,464)	$ 353,299

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1984

	1984	1983
Financial resources used for		
Industrial development programs		
Additions to land and development projects	$ 12,430,954	$ 29,417,271
less: cost recoveries and provision for losses	17,465,728	15,183,637
Net increase (decrease)	(5,034,774)	14,233,634
Loan disbursements	11,120,798	22,222,620
less: loan repayments and provision for losses	16,107,109	9,154,710
Net increase (decrease)	(4,986,311)	13,067,910
Additions to property leases receivable	-	733,200
less: lease payments	490,766	203,387
Net increase (decrease)	(490,766)	529,813
Additions to rental properties, net of depreciation	11,729,247	410,773
Net additions to programs	1,217,396	28,242,130
Net loss for the year	21,285,763	6,661,856
	$ 22,503,159	$ 34,903,986
Financial resources provided by		
Term debt	$ 9,765,176	$ 32,600,076
Share capital	12,118,300	-
Contributed surplus	29,230	2,537,263
Other sources	590,453	(233,353)
	$ 22,503,159	$ 34,903,986

1. Land and development projects

	1984				1983
	Held for future development	Under development	Held for sale	Total	Total
Balance, beginning of year	$ 22,167,616	$ 37,579,807	$ 48,549,549	$ 108,296,972	$ 94,063,338
Add:					
Acquisitions and direct development costs	94,572	3,768,594	4,543,757	8,406,923	18,926,283
Interest and property taxes capitalized	1,005,199	985,129	1,260,967	3,251,295	8,381,369
Indirect overhead capitalized	61,864	247,508	463,364	772,736	2,109,619
Deduct:					
Cost of sales	(147,663)	(2,643,765)	(3,281,311)	(6,072,739)	(2,316,726)
Other cost recoveries	(159,686)	(2,596,959)	(101,563)	(2,858,208)	(7,048,906)
Transfers between accounts	(589,384)	1,492,508	(903,124)	-	-
Provision for losses	(4,500,000)	(4,023,491)	(11,290)	(8,534,781)	(5,818,005)
Balance, end of year	$ 17,932,518	$ 34,809,331	$ 50,520,349	$ 103,262,198	$ 108,296,972

A total of $12,746,342 (1983 - $4,615,936) of interest and property taxes related to certain land and development projects was expensed during the year rather than capitalized because the carrying value of those projects otherwise would have exceeded their estimated net realizable value. This amount is in addition to the provision for losses of $8,534,781 (1983 - $5,818,005) from the diminution in land values.

2. Rental properties

Rental properties are carried at cost less accumulated depreciation of $958,010 (1983 - $597,742).

	1984	1983
Land and buildings	$ 18,195,844	$ 6,429,097
Other property	703,125	740,625
	$ 18,898,969	$ 7,169,722

Land and buildings include $12,087,952 of property acquired from the British Columbia Harbours Board during the year.

3. Other assets

	1984	1983
Premises and equipment, at cost	$ 1,273,935	$ 1,254,280
less: accumulated depreciation and amortization	694,728	498,611
	579,207	755,669
Deferred charges	1,334,157	962,612
	$ 1,913,364	$ 1,718,281

4. Small business development fund

Under an agreement with the Province of British Columbia, the Corporation operates the Small Business Development Fund which provides term loans to industrial enterprises. The fund consists of:

Assets	1984	1983
Cash and short term investments	$136,294,335	$ 409,456
Accrued investment interest	10,749,473	-
Loans receivable, less allowance for loan losses	34,961,998	7,791,643
Indemnity due from the Province of British Columbia	732,324	1,577
	$182,738,130	$ 8,202,676
Liabilities		
Notes guaranteed by the Province of British Columbia	$182,264,165	$ 8,000,000
Other liabilities	473,965	202,676
	$182,738,130	$ 8,202,676

5. Trust assets

Under an agreement with the Province of British Columbia, the Corporation acts as agent and administrator of the Low Interest Loan Assistance Program (LILA). Assets administered under this program consist of:

	1984	1983
Cash and bank term deposits	$ 4,445,646	$ 3,630,713
Loans receivable, less allowance for loan losses	21,831,574	28,651,972
	$ 26,277,220	$ 32,282,685

6. Term debt

	1984	1983
Notes guaranteed by the Province of British Columbia:		
Payable in five equal annual instalments commencing March 5, 1988, with interest at 8.95% payable semi-annually	$ 64,300,000	$ 64,300,000
less: unamortized discount based on an effective interest rate of 15.75%	16,200,306	17,819,538
	48,099,694	46,480,462
Payable December 1, 1986, with interest at 16⅞% payable semi-annually (U.S. $12,400,000)	16,002,200	15,204,880
Notes payable to the Province of British Columbia:		
Revolving credit facility with interest currently at 10.95%, adjusted and payable semi-annually	58,000,000	44,000,000
Term notes, payable in 1984 with interest currently at 9.9%	4,000,000	17,000,000
Loans payable to the Province of British Columbia pursuant to the Subsidiary Agreement on Industrial Development:		
Payable progressively as the Corporation sells or leases its Duke Point properties, with interest at 7½%	13,000,000	13,000,000
Payable without interest on the fifth anniversary of the project's future completion date	5,500,000	-
Payable progressively until October 16, 1990, with interest at 6⅛%, adjusted annually	2,420,000	2,481,000
Mortgages, secured by certain lands and buildings, due August 31, 1984, payable progressively prior to maturity as the Corportation sells the mortgaged property, with interest at 12% and 14% payable quarterly	4,300,000	4,300,000
Other term debt	1,847,362	937,738
	$153,169,256	$143,404,080

7. Share capital

	1984	1983
Authorized		
$200,000,000 divided into 2,000,000 shares with a par value of $100 each		
Issued		
546,183 shares (1983 - 425,000 shares)	$ 54,618,300	$ 42,500,000

During the year 121,183 shares were issued to the Province of British Columbia as consideration for certain assets acquired from the British Columbia Harbours Board.

8. Contingent liabilities

As part of its industrial development program, the Corporation has guaranteed indebtedness and performance of certain industrial enterprises amounting to $8,270,000 (1983 - $6,830,000).

9. Related party transactions

In the ordinary course of business, the Corporation enters into transactions with related parties including the Province of British Columbia, its agencies and other Crown corporations.

10. Comparative figures

Certain of the 1983 comparative figures have been reclassified to conform with the current year's presentation.

Auditors' Report

To the Honourable Donald M. Phillips,
Minister of Industry and Small Business Development,
Province of British Columbia.

We have examined the consolidated balance sheet of British Columbia Development Corporation as at March 31, 1984 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Campbell Sharpe

Vancouver, Canada.
May 17, 1984.

Chartered Accountants

OFFICERS

Newell R. Morrison, Chairman
and Chief Executive Officer

Michael McGillivray, Vice-Chairman

John R. Redworth,
Executive Vice-President

James D. McLean, Vice-President
(Land and Projects)

James G. T. Wong, Vice-President
(Business Finance)

F. David Radler, Secretary

Susan D. Baerg, Assistant Secretary

MANAGEMENT GROUP

J. Eric Martin, General Manager,
Design and Construction

P. Jeffrey Hocking, Director -
Business Finance Division

Lockhart G. (Mac) McCallum,
General Manager,
Industrial Development

G. Hall Mackenzie, British Columbia
Museum of Transportation,
Science and Industry

Jonathan G. Scott, Controller

John D. Erickson, Financial Analyst

Philip G. Lamb,
Development Manager
(Management Information Systems)

AUDITORS

Campbell Sharp
Chartered Accountants
Vancouver

Direct inquiries to:
British Columbia Development Corporation
272 - 200 Granville Street,
Vancouver, British Columbia
Canada V6C 1S4
689-8411 or 112-800-663-0733

British Columbia Development Corporation -
A Provincial Crown Corporation working
for the people of British Columbia

BC

POOR

QUALITY

ORIGINAL